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AGASSIZ MINES LIMITED

ANNUAL REPORT 1968



AGASSIZ MINES LIMITED

OFFICERS	Charles Dudley Robbins, Toronto, Ontario, <i>President</i> Lief Mamen, Lynn Lake, Manitoba, <i>Vice-President</i> Clinton Charles Casselman, Toronto, Ontario, <i>Secretary Treasurer</i>
DIRECTORS	Charles Dudley Robbins, Toronto, Ontario Lief Mamen, Lynn Lake, Manitoba Clinton Charles Casselman, Toronto, Ontario Elisabeth Margaret Mackey, Toronto, Ontario Edward Arthur Hart, Willowdale, Ontario John William Rundle, Atikokan, Ontario Louis Murdock, Winnipeg, Manitoba Peter Manitowich, Transcona, Manitoba
HEAD OFFICE	159 Bay Street, Toronto, Ontario
FIELD OFFICE	Lynn Lake, Manitoba
CONSULTING ENGINEERS	H. J. Bergmann, Montreal, Quebec C. W. Archibald, Toronto, Ontario
REGISTRAR AND TRANSFER AGENT	Guaranty Trust Company of Canada 430 Portage Avenue, Winnipeg, Manitoba
SOLICITORS	Manley, Grant & Armstrong, Toronto, Ontario
BANKERS	Canadian Imperial Bank of Commerce, Toronto, Ontario
AUDITORS	Eddis & Associates, Toronto, Ontario
STOCK EXCHANGE LISTINGS	Canadian Stock Exchange, Montreal, Quebec Winnipeg Stock Exchange, Winnipeg, Manitoba Calgary Stock Exchange, Calgary, Alberta Vancouver Stock Exchange, Vancouver, British Columbia

President's Report to Shareholders

It is with great pleasure that the annual report for 1968 and the accompanying financial statements are presented for your approval.

Two developments during the past year have carried special significance for Agassiz Mines Limited and its shareholders with the result that preparations for underground development at the Lynn Lake gold property in Manitoba are now at an advanced stage.

One has been the higher price for gold and silver — the world's monetary metals — and the second is new financing which has been negotiated for an expansion of the original planned underground development program.

GOLD AND SILVER PRICES

Disturbances in the international monetary system have caused the higher prices for both gold and silver. The Board of Directors of Agassiz Mines cannot see that any of these problems have been permanently solved and believes that the coming year will produce still higher prices for gold and silver.

During the past year, gold touched a peak of \$45.00 per ounce on the free markets in London, England, and Zurich, Switzerland. Silver sold at a high of \$2.68 per ounce.



FIRST ROUND OF EXCAVATION FOR SHAFT COLLAR.



CHARLES D. ROBBINS

NEW FINANCING

In recent weeks two new financing agreements have been negotiated by your Board of Directors. One agreement is through a 200,000-share underwriting at 50c per share which has been completed, and which has netted the treasury \$100,000. Options are outstanding on 200,000 shares at 60c and 200,000 shares at 70c.

The second agreement is in its final stages of completion and involves the private placement of 400,000 treasury shares for investment purposes (to be held for a minimum period of six months) with a leading financial institution in the United States.

The Agassiz Board of Directors has approved this transaction which is now in the contract stage, and which will add approximately \$200,000 to the company's treasury.

PRE-PRODUCTION DEVELOPMENTS AT LYNN LAKE

Shaft sinking, as recommended by consulting engineers H. J. Bergmann and C. W. Archibald, commenced in June following two months of preparations during which the headframe was completed and the shaft was collared.

At the time of writing, the shaft had reached a depth of 300 feet on its way to a planned depth of 450 feet. A station has been cut at the 150-foot level and two more are to be cut at the 300 and 450-foot levels.

Following completion of the recent financing which has placed sufficient funds in the treasury for the revised and expanded underground development program, it was decided to deepen the 3-compartment shaft to a depth of 450 feet rather than 300 feet.

Current plans call for 4,000 feet of lateral development on two levels and 30,000 feet of underground diamond drilling. This compares to the original plans of 2,000 feet of lateral development and 10,000 feet of underground drilling.

It is expected that shaft sinking will be completed by September 15, 1968, after which a 450-foot crosscut to the ore zone is required before drifting in the zone itself can commence. The drive will be headed towards a location within the 'H' Zone. This zone was opened up on surface for a length of 132 feet and channel sampling returned good gold values over better than average widths. Under this area of sampling, several of our previous drill holes returned good values. The total drill indicated length of the 'H' Zone is 1,000 feet.

The additional funds will also enable us to drift to, and develop the zones 1,000 feet to the east, in addition to developing our 'H' Zone. Our own drilling of these easterly zones yielded some high grade sections of both gold and silver, which have been previously reported, and some sections drilled by previous operators which have not been reported. Some of these are listed below and while the sections may not be representative they are considered to be significant.

Hole No.	From (ft.)	Core Length (ft.)	Gold oz./ton	Silver oz./ton
11	343.5	5.0	0.24	3.30
and	380.0	30.0	0.24	1.28
15	148.5	11.5	0.52	1.28
17	452.5	5.0	2.80	3.20
and	620.0	23.5	0.73	1.33
19	192.0	11.6	0.23	7.04
or	153.1	50.5*	0.17	2.13
33	402.0	6.3	1.58	1.24
36	257.5	10.0	0.46	1.00

*The 50.5-foot section from 153.1 feet in No. 19 has a true width of 42.9 feet.

The best drill values from this particular area were cut in our own drilling program in hole No. 6-29 which intersected three sections:

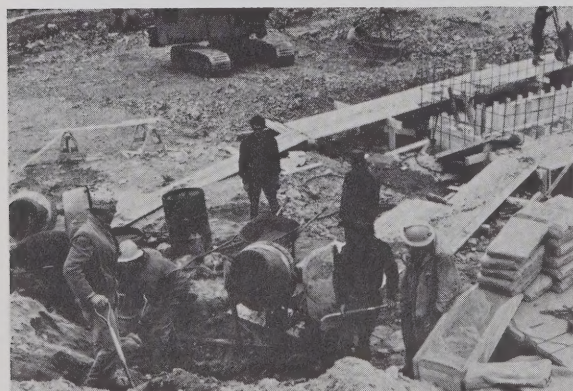
From (Ft.)	Core Length (Ft.)	Gold oz/ton	Silver oz/ton
279.3	15.7	0.77	0.32
322.6	4.9	0.14	1.56
363.0	14.4	1.26	3.01

TONNAGE ESTIMATES

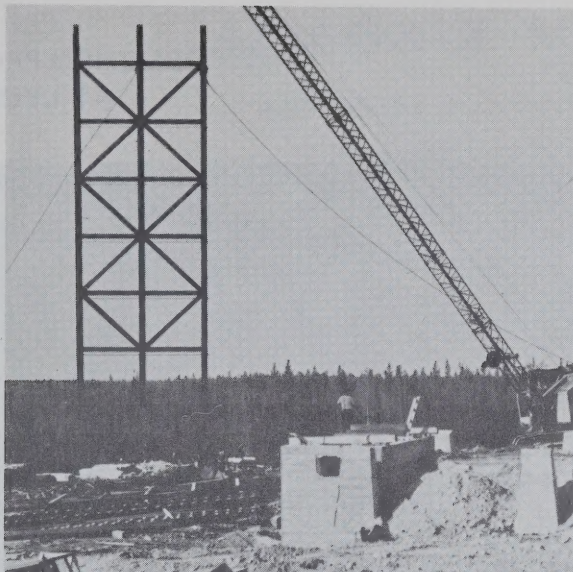
While we cannot speculate on the possibilities at depth, most of the indicated tonnage calculated by consulting engineers Bergmann and Archibald is calculated above the 500 foot level. But several holes cut the zones below this depth. On the Eastern Zone, one hole cut the zone below a vertical depth of 900 feet and on the 'H' Zone, three holes cut the zone at or below the 1,000 foot level, with true widths ranging from 16 feet to 45 feet.

It is encouraging to note that these widths are well in excess of the widths used in calculating our tonnage. Underground drilling will be considerably cheaper and more effective in providing the required information for our possibilities at depth.

Another interesting factor is that Agassiz Mines' deposit is located on a major geological structure and our property immediately adjoins the major, and deep producer, Sherritt Gordon Mines.



CREWS AT WORK MIXING AND POURING CONCRETE FOR THE SHAFT COLLAR.



THE FIRST SECTION OF THE AGASSIZ HEAD FRAME IS PICTURED BEING SET IN PLACE.



THE COMPLETED HEAD FRAME IS 75 FEET HIGH AND HOUSES A 3-COMPARTMENT PRODUCTION SHAFT.

Tonnage estimates at present are:

	Tons	Oz./ Gold	Oz./Gold Cut	Oz./ Silver
Bergmann	1,373,845	0.356	0.286	1.00
Archibald	1,533,000	0.32	0.28	1.19

The total cost of the pre-production development program will be in the order of \$700,000. A large portion of this has already been spent on the headframe, hoist, service building, cookhouse, bunkhouse, office, compressors, road, truck and the sinking to date.

FUTURE DEVELOPMENTS

Agassiz Mines would be entitled to sell its gold and silver on the free market. At present prices for the two metals, compared to six months ago, our profit potential is greatly enhanced. Unlike many gold properties, Agassiz's silver values are significant and will add a further \$2 per ton.

The decision to go underground was made when gold was priced at \$37.50 per ounce in Canadian funds. It is now selling at \$42.00 Canadian funds. This relatively small rise is of major importance to Agassiz Mines because at \$35.00 per ounce gold in U.S. funds, a mining operation at Lynn Lake is estimated to break even. If — and as — the price of gold goes higher, our profit potential increases in even greater proportion.

GENERAL

Shaft sinking is proceeding on schedule within cost estimates and without any major problems. The crew is capable and living conditions are excellent. The price for Agassiz's program is a very favourable one and for this the Board of Directors offers its sincere thanks to our excellent engineering staff and our manager-director on the property.

On Behalf of The Board,

Charles D. Robbins,
President.

PREPRODUCTION PROGRESS AT LYNN LAKE



SITE CLEARANCE AND CONSTRUCTION OF THE SERVICE BUILDING AND SHAFT COLLAR IS SHOWN AT VARIOUS STAGES OF DEVELOPMENT DURING THE PAST 3 MONTHS, ABOVE AND TO THE RIGHT.



THE BUNKHOUSE AND COOKHOUSE FOR THE 25-MAN CREW STAND IN THE BACKGROUND OF THE CLEARED SITE.



THE FINISHED SERVICE BUILDING AND HEADFRAME ARE SHOWN ABOVE. TO THE RIGHT, THE HEADFRAME AND WASTE BIN DURING CONSTRUCTION.



AGASSIZ MINES LIMITED

(No Personal Liability)

INCORPORATED UNDER THE LAWS OF THE PROVINCE OF MANITOBA

BALANCE SHEET — AS AT JUNE 30, 1968

Assets:

CURRENT

	1968	1967
Cash	124,731	113,931
Accounts receivable	7,843	6,009
Prepaid expenses	2,593	—
Equipment held for resale, at net realizable value	—	21,800
	<u>135,167</u>	<u>141,740</u>

MINE ASSETS, LYNN LAKE, MANITOBA — AT COST (Note 1)

Buildings and headframe	92,216	—
Machinery and equipment	45,709	—
Automotive equipment	12,774	5,190
	<u>150,699</u>	<u>5,190</u>

Mining claims (Note 2)	195,150	192,900
Participation in oil exploration programmes (Note 3)	9,376	28,328
Deferred exploration and development, including administrative expenses	<u>568,254</u>	<u>433,510</u>

OTHER ASSETS

Deposits	3,260	1,000
Advances to other mining company	5,731	—
Office equipment, at cost	2,509	2,908
	<u>11,500</u>	<u>3,908</u>
	<u>\$1,070,146</u>	<u>\$805,576</u>

Liabilities:

CURRENT

Accounts payable and accrued liabilities	33,883	15,321
Commitments (Note 4)		

SHAREHOLDERS' EQUITY (Notes 5 and 6)

Capital Stock

Authorized 5,000,000 shares of no par value, to be issued for a consideration not exceeding \$2,750,000

Issued and fully paid . . . 3,500,000 shares (600,000 shares issued during year for \$270,000 cash)	1,078,147	808,147
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Deficit	(41,884)	(17,892)
	<u>1,036,263</u>	<u>790,255</u>

	<u>\$1,070,146</u>	<u>\$805,576</u>
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Approved on behalf of the Board,

"CHARLES D. ROBBINS" (Director)

"C. C. CASSELMAN" (Director)

The accompanying notes are an integral part of these financial statements.

AUDITORS' REPORT

To the Shareholders of
AGASSIZ MINES LIMITED.

We have examined the balance sheet of Agassiz Mines Limited as at June 30, 1968 and the statements of deferred exploration and development, including administrative expenses, deficit and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at June 30, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
July 24, 1968.

EDDIS & ASSOCIATES,
Chartered Accountants.

AGASSIZ MINES LIMITED

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NOTES TO FINANCIAL STATEMENTS AS AT JUNE 30, 1968

1. Fixed assets are stated at cash cost. Since the company is still in the development stage, no depreciation has been provided on depreciable fixed assets.

2. Mining claims are as follows:

Lynn Lake, Manitoba

12 mineral claims and 2 fractions held under lease, acquired in consideration of the issue of 750,000 shares of the capital stock of the company, at the value attributed to the shares at the time of issue 187,500

Dismal Lake Area, Yellowknife, N.W.T.

18 unpatented mining claims acquired for cash 5,400

Coppermine Area, N.W.T.

45% interest in 15 unpatented claims acquired for cash with obligation to pay 50% of all exploration and development costs. By a subsequent agreement Ranworth Exploration Limited, Toronto, has been granted the option to earn up to a 45% interest in these claims in consideration of its commitment to pay \$7,000 of the cost of a \$20,000 proposed work programme. For every \$1,000 over \$7,000 spent by Ranworth it will earn a 1% interest up to a maximum of 45% 2,250

\$195,150

3. Participation in Oil Exploration Programmes:

Rainbow Lake, Alberta

The company has a 2 1/2% interest in a farmout agreement whereby it will earn a 1 1/4% interest in 3,200 acres in the Rainbow Lake Area, Alberta. One well was drilled on the property to a depth of 7,200 feet and proved to be a dry well. It has not been abandoned as further testing is planned in the summer of 1968. The company's contributions to date include \$625 being the company's share of the estimated cost of the testing programme 9,375

Milligan Creek, British Columbia

The company has earned a 5% interest in 7,300 acres in the Milligan Creek Area, British Columbia, as a result of its participation in a farmout agreement. Six wells were drilled and all proved to be dry holes and were abandoned. The company's share of the drilling programme, \$22,365, has been written off to deficit 1

\$ 9,376

4. Commitments:

The company has engaged a contractor to sink a shaft to a depth of 350 feet and perform 2,000 feet of lateral underground development at its Lynn Lake mining property. At June 30, 1968 the shaft collar was in place. Shaft sinking commenced early in July, 1968, and costs under this contract subsequent to June 30, 1968 are expected to be approximately \$162,000.

5. The company has granted to an officer an option to purchase 100,000 shares in the capital stock of the company at a price of 50c per share. This option expires April 30, 1970.

6. Events subsequent to the date of these financial statements:

In accordance with an underwriting and option agreement dated July 1, 1968, the underwriter-optionee took down and paid for 200,000 shares of the company's capital stock at 50c per share on July 22, 1968.

By the same agreement, options on a further 400,000 shares of capital stock have been granted to the underwriter-optionee as follows:

200,000 shares at 60c within 3 months after July 22, 1968.

200,000 shares at 70c within 6 months after July 22, 1968.

7. The total remuneration paid to directors and senior officers of the company during the year ended June 30, 1968 amounted to \$21,599.

AGASSIZ MINES LIMITED

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INCORPORATED UNDER THE LAWS OF THE PROVINCE OF MANITOBA

STATEMENT OF DEFICIT FOR THE YEAR ENDED JUNE 30, 1968

	1968	1967
Balance at beginning of year	17,892	11,115
ADD		
Oil exploration — share of cost of drilling dry holes at Milligan Creek, British Columbia (\$2,787 during the year)	22,365	—
Exploration — Costa Rica	1,627	—
Expired option re Granville Lake property	—	400
Provision for loss on disposal of milling equipment	—	6,377
Balance at end of year	<u>\$41,884</u>	<u>\$17,892</u>

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT INCLUDING ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JUNE 30, 1968

	Deferred at June 30 1967	Incurred During Year	Deferred at June 30 1968
LYNN LAKE PROPERTY			
Diamond drilling	238,037	11,756	249,793
Engineering	41,117	10,491	51,608
Road making and line cutting	18,979	7,291	26,270
Supervision	16,650	7,319	23,969
Travel	17,515	836	18,351
Shaft collar	—	15,228	15,228
Assays	14,595	386	14,981
Camp supplies and expense	5,842	5,732	11,574
Equipment rental	—	6,173	6,173
Wages — surface labour	—	5,848	5,848
Geophysical survey	3,861	—	3,861
Meals and board	—	3,777	3,777
Miscellaneous expense	374	2,363	2,737
Oil supply	—	2,462	2,462
Truck expense	1,129	1,267	2,396
Trenching and stripping	421	1,602	2,023
Lease payments	—	924	924
Insurance	—	530	530
	<u>358,520</u>	<u>83,985</u>	<u>442,505</u>
OTHER MINING EXPLORATION			
Coppermine Area, N.W.T.	2,750	1,708	4,458
Costa Rica	—	1,627	1,627
	<u>361,270</u>	<u>87,320</u>	<u>448,590</u>
Add: Administrative expenses, per schedule	<u>72,240</u>	<u>49,051</u>	<u>121,291</u>
	<u>433,510</u>	<u>136,371</u>	<u>569,881</u>
Less: Transferred to deficit	<u>—</u>	<u>(1,627)</u>	<u>(1,627)</u>
Total deferred expenditures	<u>\$433,510</u>	<u>\$134,744</u>	<u>\$568,254</u>

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INCORPORATED UNDER THE LAWS OF THE PROVINCE OF MANITOBA

SCHEDULE OF DEFERRED ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JUNE 30, 1968

	Deferred at June 30 1967	Incurred During Year	Deferred at June 30 1968
Legal and audit	22,850	11,250	34,100
Publicity and shareholders' information	17,261	16,132	33,393
Office supplies and expense	8,938	12,957	21,895
Executive salary	5,500	5,395	10,895
Fees and taxes	7,028	2,825	9,853
Telephone and telegraph	4,351	2,764	7,115
Head office travel	—	6,081	6,081
Stock salesmen's commissions	5,054	—	5,054
Printing	1,546	3,098	4,644
Office rent	2,857	1,689	4,546
Transfer agents' fees	2,222	2,294	4,516
Secretary fees	2,600	800	3,400
Directors' fees	1,425	600	2,025
Miscellaneous	1,028	888	1,916
	82,660	66,773	149,433
LESS:			
Profit on sale of investments	—	(12,442)	(12,442)
Interest earned	(10,420)	(5,280)	(15,700)
	<u>\$ 72,240</u>	<u>\$ 49,051</u>	<u>\$121,291</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED JUNE 30, 1968

	1968	1967
FUNDS PROVIDED		
Issue of capital stock	270,000	195,000
Interest earned on short-term deposits	5,280	9,175
Profit on purchase and sale of investments	12,442	—
Sale of milling equipment	—	23,800
	<u>287,722</u>	<u>227,975</u>
FUNDS APPLIED		
Purchase of mine buildings	92,216	—
Purchase of mine machinery and equipment	45,709	25,177
Purchase of automotive equipment	7,584	—
Purchase of office equipment	(399)	2,022
Acquisition of interests in mining claims, Northwest Territories	2,250	5,400
Deposits	2,260	—
Advances to other mining company	5,731	—
Participation in oil exploration programmes	3,413	28,328
Exploration and development	87,320	162,933
Administrative expenses	66,773	41,275
	<u>312,857</u>	<u>265,135</u>
Decrease in working capital	25,135	37,160
Working capital at beginning of year	126,419	163,579
Working capital at end of year	<u>\$101,284</u>	<u>\$126,419</u>

